

State of Alaska FY2006 Governor's Operating Budget

Department of Administration Retirement and Benefits Component Budget Summary

Component: Retirement and Benefits

Contribution to Department's Mission

Deliver benefits to members in accordance with legal requirements.

Core Services

For the following Defined Benefit Plans: Collection of all employee data, employee and employer contributions by individual for each pay period, including all changes and corrections. Accounting by participant for each member (over 92,000). Counseling and communications for all members and retirees.

- Public Employees' (PERS)
- Teachers' (TRS)
- Judicial (JRS)
- National Guard and Naval Militia (NGNMRS)
- Elected Public Officers (EPORS)

For the following Defined Contribution Plans: Collection of all employee data, employee contributions, employer contributions by individual for each pay period, including all changes and corrections. 41,000 accounts with balances. Counseling and communications for account holders.

- Supplemental Annuity Plan
- Deferred Compensation Plan

Administer group health insurance and life insurance programs for active state employees and retired members of the retirement systems, including claims adjudication and counseling. The division has offices in Juneau and Anchorage and provides services to other Alaskan communities by telephone, Internet/e-mail and during field trips.

End Results	Strategies to Achieve Results
A: Improved accuracy of data available for calculation of benefits. <u>Target #1:</u> 100% of on-line data will be accurate. <u>Measure #1:</u> % of accurate data on-line.	A1: Defined Benefit-Automate calculation of claimed service. <u>Target #1:</u> 90% of all claims for service will be calculated electronically. <u>Measure #1:</u> % of claims electronically calculated. A2: Ensure that 100% of on-line data necessary to calculate benefits is on-line within 30 days of being requested. <u>Target #1:</u> 100% of data on-line within 30 days. <u>Measure #1:</u> % of data entered within 30 days.
End Results	Strategies to Achieve Results
B: Increased member understanding of retirement planning and benefits. <u>Target #1:</u> 90% of members will report increased understanding of retirement planning and benefits. <u>Measure #1:</u> % of members surveyed reporting increased	B1: Maximize retirement seminar attendance. <u>Target #1:</u> Increase group meeting attendance by 10% over fiscal year 2003. <u>Measure #1:</u> Group meeting attendance.

understanding.	B2: Develop video tape presentations by Benefits Section to reach audience that cannot attend a seminar. <u>Target #1:</u> Provide taped presentations to employers. <u>Measure #1:</u> Number of taped presentations provided to employers.
End Results	Strategies to Achieve Results
C: Group Insurance Benefits-Improved service to members. <u>Target #1:</u> 85% of customers will have answer/resolution on first call. <u>Measure #1:</u> % of members reporting resolution on first call. <u>Target #2:</u> The percent of member contacts received is no more than 5% of membership. <u>Measure #2:</u> % of member contacts.	C1: Group Insurance Benefits-Decrease the length of time to respond to customers. <u>Target #1:</u> Respond to 95% of written correspondence within 3 weeks. <u>Measure #1:</u> % of correspondence answered within 3 weeks. C2: Group Insurance Benefits-Provide members with tools to answer their basic questions. <u>Target #1:</u> Increase enrollment in Aetna Navigator by 25%. <u>Measure #1:</u> % increase of new enrollees in Aetna Navigator.
End Results	Strategies to Achieve Results
D: Defined Benefit-Retiree payroll and account refund payments made on time. <u>Target #1:</u> 100% of payments made on time. <u>Measure #1:</u> Percent of monthly payroll, refund warrants, EFT's sent by pre-determined deadline (announced at beginning of year).	D1: Decrease weekly payroll warrants by having members file their retirement documents 30 days in advance of their retirement date. <u>Target #1:</u> Increase the number of members who file their required retirement documents 30 days before their expected retirement date. <u>Measure #1:</u> % of prospective retirees who file their documents for retirement 30 days before their expected retirement date.

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$11,731,100

Personnel:

Full time	104
Part time	0
Total	104

Performance Measure Detail

A: Result - Improved accuracy of data available for calculation of benefits.

Target #1: 100% of on-line data will be accurate.

Measure #1: % of accurate data on-line.

Analysis of results and challenges: .

07/01/03–12/31/03: 93% of online data accurate for the period. 7% of data was not yet verified as accurate by

employers.

01/01/04–03/31/04: 93% of online data accurate for the period.

03/31/04–06/30/04: 93% of online data accurate for the period.

07/01/04–09/30/04: 93% of online data accurate for the period.

A1: Strategy - Defined Benefit-Automate calculation of claimed service.

Target #1: 90% of all claims for service will be calculated electronically.

Measure #1: % of claims electronically calculated.

Analysis of results and challenges: .

07/01/03–06/30/04: Calculation module is scheduled for completion in FY05.

07/01/04–09/30/04: Calculation module is scheduled for completion in FY05.

A2: Strategy - Ensure that 100% of on-line data necessary to calculate benefits is on-line within 30 days of being requested.

Target #1: 100% of data on-line within 30 days.

Measure #1: % of data entered within 30 days.

Analysis of results and challenges: .

07/01/03–12/31/03: 95% of data online.

01/01/04–03/31/04: 95% of data online.

03/31/04–06/30/04: 95% of data online.

07/01/04–09/30/04: 95% of data online.

B: Result - Increased member understanding of retirement planning and benefits.

Target #1: 90% of members will report increased understanding of retirement planning and benefits.

Measure #1: % of members surveyed reporting increased understanding.

Analysis of results and challenges: .

07/01/03–03/31/04: Survey results during this period indicate 99.7% of members reported satisfaction and increased understanding.

03/31/04–06/30/04: Survey results during this period indicate a 99.9% of members reported satisfaction and increased understanding.

B1: Strategy - Maximize retirement seminar attendance.

Target #1: Increase group meeting attendance by 10% over fiscal year 2003.

Measure #1: Group meeting attendance.

Analysis of results and challenges: .

07/01/03–03/31/04: There were 544 members who attended retirement seminars during this period compared to FY03 of 274 members. This represents a 98% increase. There were 59 members who attended small group meetings compared to FY03 of 34 members. This represents a 73% increase for small group meetings.

03/31/04–06/30/04: There were 1,229 members who attended retirement seminars during this period compared to FY03 of 931 members. This represents a 32% increase. There were 161 members who attended small group meetings compared to FY03 of 38 members. This represents a 400% increase for small group meetings.

B2: Strategy - Develop video tape presentations by Benefits Section to reach audience that cannot attend a seminar.

Target #1: Provide taped presentations to employers.

Measure #1: Number of taped presentations provided to employers.

Analysis of results and challenges: .

07/01/03–03/31/04: Benefits seminars for Select Benefits open enrollment is scheduled to be available on videotape by the end of FY04.

03/31/04–06/30/04: Insurance benefits video has been produced for Select Benefits open enrollment and made available on WebPage.

C: Result - Group Insurance Benefits-Improved service to members.

Target #1: 85% of customers will have answer/resolution on first call.

Measure #1: % of members reporting resolution on first call.

Analysis of results and challenges: .

07/01/04–06/30/04: A survey project, expected to take approximately 6-9 months to complete, has been scheduled and results are expected during late summer or early fall 2004.

Target #2: The percent of member contacts received is no more than 5% of membership.

Measure #2: % of member contacts.

Analysis of results and challenges: .

07/01/03–12/31/03: 5% average

01/01/04–03/31/04: 3.7% average (1,704 calls per month divided by member population of 31,500 = 3.7%)

03/31/04–06/30/04: 4.7% average (2,193 calls per month divided by member population of 31,500 = 4.7%)

C1: Strategy - Group Insurance Benefits-Decrease the length of time to respond to customers.

Target #1: Respond to 95% of written correspondence within 3 weeks.

Measure #1: % of correspondence answered within 3 weeks.

Analysis of results and challenges: .

07/01/03–12/31/03: 75% of correspondence responded to within 3 weeks.

01/01/04–03/31/04: 68% of correspondence responded to within 3 weeks.

03/31/04–06/30/04: 88% of correspondence responded to within 3 weeks.

C2: Strategy - Group Insurance Benefits-Provide members with tools to answer their basic questions.

Target #1: Increase enrollment in Aetna Navigator by 25%.

Measure #1: % increase of new enrollees in Aetna Navigator.

Analysis of results and challenges: .

07/01/03–12/31/03: 60% Increase (6/30/2003 = 3,521; 12/31/2003 = 5,625)

01/01/04–03/31/04: 14.5% Increase (1/1/2004 = 5,625; 3/31/2004 = 6,459)

03/31/04–06/30/04: 10.5% Increase (4/1/04=6,459; 6/30/04 = 7,130)

D: Result - Defined Benefit-Retiree payroll and account refund payments made on time.

Target #1: 100% of payments made on time.

Measure #1: Percent of monthly payroll, refund warrants, EFT's sent by pre-determined deadline (announced at beginning of year).

Analysis of results and challenges: .

07/01/03–12/31/03: 99% of payments made on time.

01/01/04–03/31/04: 99% of payments made on time.

03/31/04–06/30/04: 99% of payments made on time.

D1: Strategy - Decrease weekly payroll warrants by having members file their retirement documents 30 days in advance of their retirement date.

Target #1: Increase the number of members who file their required retirement documents 30 days before their expected retirement date.

Measure #1: % of prospective retirees who file their documents for retirement 30 days before their expected retirement date.

Analysis of results and challenges:

07/01/03–12/31/03: 99% paid (prior to strategy change).

01/01/04–03/31/04: 99% paid (prior to strategy change).

03/31/04–06/30/04: 37 retirement applications were received 30 days or more out of 162 applications (May benchmark).

Key Component Challenges

Systems valuation reports as of June 30, 2003 indicate underfunding for PERS, TRS, and JRS. This has resulted in increased costs for employers beginning in FY2005. Rates are expected to rise for PERS and TRS by 5% a year until the calculated rate of 25% of payroll for PERS and 38% of payroll for TRS is reached in FY 09.

Significant Changes in Results to be Delivered in FY2006

- Implement job site counseling visits to PERS and TRS employers in the Anchorage and Juneau areas.
- Design training materials that can be accessed online to educate members about benefits.
- Conduct employer communication "out reach" efforts in order to facilitate communication about funding status for the systems (i.e., Monthly Electronic Employer Newsletter).

Major Component Accomplishments in 2004

- Counseling services expanded to include retirement education seminars.
- Legislation (SB 232) was successfully enacted in FY04 in order to bring existing retirement systems statutes and regulations into compliance with Internal Revenue Code.
- Reduced operational expenditures by implementing savings initiatives for all sections that resulted in savings for the Division of \$1.2 million for FY04.
- Successfully downsized the Anchorage Office while maintaining core counseling services.
- Implemented a number of cost savings initiatives for the active Health Insurance Plan in FY04 that will result in savings for FY05.

Statutory and Regulatory Authority

AS 14.20.310-345	Teachers' Leave and Retirement
AS 14.25	Teachers' Retirement System
AS 22.25	Judiciary Retirement and Death Benefits
AS 39.30	Insurance and Supplemental Employee Benefits
AS 39.35	Public Employees' Retirement System
AS 39.45	Public Employees' Deferred Compensation Program
AS 44.21.020 (7)	Duties of Department
2 AAC 35	Public Employees' Retirement System
2 AAC 36	Teachers' Retirement System
2 AAC 37	Judicial, Elected Public Officers, and National Guard/Naval Militia
Retirement systems and	Employee Benefit Systems
2 AAC 39	Group Health and Life Insurance

Contact Information
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Retirement and Benefits Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	6,120.9	6,653.3	6,996.0
72000 Travel	136.1	106.8	189.6
73000 Services	3,906.9	4,389.3	4,271.9
74000 Commodities	184.1	143.0	204.0
75000 Capital Outlay	0.0	85.6	69.6
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	10,348.0	11,378.0	11,731.1
Funding Sources:			
1007 Inter-Agency Receipts	76.2	1.5	1.5
1017 Benefits Systems Receipts	2,608.7	3,085.2	3,177.6
1023 FICA Administration Fund Account	145.5	151.7	159.4
1029 Public Employees Retirement System Fund	5,207.7	5,717.7	5,894.7
1034 Teachers Retirement System Fund	2,195.8	2,288.4	2,360.8
1042 Judicial Retirement System	28.0	29.1	29.6
1045 National Guard & Naval Militia Retirement System	86.1	104.4	107.5
Funding Totals	10,348.0	11,378.0	11,731.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
FICA Administration Fund Account	51040	145.5	151.7	159.4
Public Employees Retirement Fund	51065	5,207.7	5,717.7	5,894.7
Teachers Retirement System Fund	51090	2,195.8	2,288.4	2,360.8
Judicial Retirement System	51125	28.0	29.1	29.6
National Guard Retirement System	51135	86.1	104.4	107.5
Benefits System Receipts	51390	2,255.5	2,725.2	2,740.6
Unrestricted Total		9,918.6	11,016.5	11,292.6
Restricted Revenues				
Interagency Receipts	51015	76.2	1.5	1.5
Benefits System Receipts	51390	353.2	360.0	437.0
Restricted Total		429.4	361.5	438.5

Estimated Revenue Collections				
Description	Master Revenue Account	FY2004 Actuals	FY2005 Manageme nt Plan	FY2006 Governor
Total Estimated Revenues		10,348.0	11,378.0	11,731.1

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	11,378.0	11,378.0
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	0.0	54.1	54.1
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	193.1	193.1
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.0	95.5	95.5
Proposed budget increases:				
-Benefit and Wage Cost Increases	0.0	0.0	10.4	10.4
FY2006 Governor	0.0	0.0	11,731.1	11,731.1

Retirement and Benefits Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2005</u> <u>Management</u> <u>Plan</u>	<u>FY2006</u> <u>Governor</u>		
Full-time	104	104	Annual Salaries	4,806,306
Part-time	0	0	COLA	66,873
Nonpermanent	7	4	Premium Pay	15,993
			Annual Benefits	2,608,416
			<i>Less 3.57% Vacancy Factor</i>	(267,988)
			Lump Sum Premium Pay	0
Totals	111	108	Total Personal Services	7,229,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	0	0	4	0	4
Accountant III	0	0	4	0	4
Accountant IV	0	0	1	0	1
Accountant V	0	0	1	0	1
Accounting Clerk II	0	0	2	0	2
Accounting Tech II	0	0	1	0	1
Accounting Tech III	0	0	2	0	2
Administrative Assistant	0	0	1	0	1
Administrative Clerk I	0	0	2	0	2
Administrative Clerk II	0	0	3	0	3
Administrative Clerk III	0	0	3	0	3
Administrative Manager III	0	0	1	0	1
Analyst/Programmer II	0	0	2	0	2
Analyst/Programmer III	0	0	1	0	1
Analyst/Programmer IV	0	0	5	0	5
Analyst/Programmer V	0	0	2	0	2
College Intern II	0	0	1	0	1
College Intern III	0	0	1	0	1
Data Processing Tech II	0	0	2	0	2
Division Director	0	0	1	0	1
Information Officer II	0	0	1	0	1
Internal Auditor II	0	0	1	0	1
Internal Auditor III	0	0	1	0	1
Microfilm Equip Op I	0	0	2	0	2
Microfilm Equip Op II	0	0	1	0	1
Microfilm Equip Op III	0	0	1	0	1
Project Manager	0	0	1	0	1
Publications Spec II	0	0	1	0	1
Publications Spec III	0	0	1	0	1
Publications Tech II	0	0	1	0	1
Retirement & Benefits Spec I	1	0	7	0	8
Retirement & Benefits Tech I	0	0	2	0	2
Retirement & Benefits Tech II	0	0	20	0	20
Retirement & Benefits Tech III	0	0	11	0	11
Retirement Ben Manager	0	0	3	0	3
Retirement Ben Spec II	1	0	9	0	10
Retirement Ben Spec III	0	0	1	0	1
Student Intern II	0	0	1	0	1

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Supply Technician I	0	0	1	0	1
Totals	2	0	106	0	108